

TRANSFER AGREEMENT

MENORAH, INC.
TRANSFEROR

HEALTH MIDWEST
TRANSFeree

MENORAH MEDICAL CENTER
MENORAH HEALTH CENTER, INC.
MENORAH MEDICAL CENTER FOUNDATION
SYSTEMS FACILITY CORPORATION
M.I.M INTERNAL MEDICINE, INC.
ORTHOPAEDIC SPECIALISTS OF KANSAS CITY, INC.
MMC SERVICES CORPORATION
TRANSFERRED ORGANIZATIONS

Signing Date: October 19, 1993

Closing Date: December 31, 1993; 10:00 a.m. CST

Place of Closing: Menorah Medical Center
4949 Rockhill Road
Kansas City, Missouri 64110

TRANSFER AGREEMENT

THIS TRANSFER AGREEMENT is made and entered into on this 19th day of October, 1993, by and between MENORAH, INC., a Missouri not-for-profit corporation (herein referred to as "Menorah"), and HEALTH MIDWEST, a Missouri not-for-profit corporation (herein referred to as "Health Midwest").

- W I T N E S S E T H -

WHEREAS, Menorah is exempt from federal income taxation under § 501(c)(3) of the Internal Revenue Code of 1986 (the "Code") and serves as the parent holding company for an integrated system of organizations dedicated to the delivery of health care services to the Kansas City metropolitan area and the surrounding region;

WHEREAS, the Menorah system includes Menorah Medical Center ("MMC"), a subsidiary of Menorah which is a Missouri not-for-profit corporation exempt from income taxation under § 501(c)(3) of the Code and which operates a 430 licensed bed acute care hospital located at 4949 Rockhill Road, Kansas City, Missouri;

WHEREAS, the Menorah system also includes Menorah Health Center, Inc., ("MHC"), a sister corporation of Menorah which is organized as a Kansas not-for-profit corporation exempt from income taxation under § 501(c)(3) of the Code and which is in the process of developing Menorah Medical Park near the intersection of 119th and Nall in Johnson County, Kansas;

WHEREAS, MMC is currently supported by Menorah Medical Center Foundation (the "Menorah Foundation") which is a subsidiary of Menorah and is organized as a Missouri not-for-profit corporation exempt from federal income taxation under § 501(c)(3) of the Code;

WHEREAS, Systems Facility Corporation ("SFC") is a sister corporation of Menorah, which is a Missouri not-for-profit corporation exempt from taxation under Section 501(c)(2) of the Code and which owns real estate upon which medical office buildings and related parking structures on the campus of MMC are located;

WHEREAS, MMC is the parent of M.I.M. Internal Medicine, Inc. and Orthopaedic Specialists of Kansas City, Inc. (the "Physician Organizations") which are Missouri not-for-profit corporations that have applied for exempt status under

§ 501(c)(3) of the Code and which operate medical clinics providing physician and related ancillary services;

WHEREAS, MMC Services Corporation is a for profit corporation, all of the issued and outstanding stock of which is owned by Menorah;

WHEREAS, Health Midwest is exempt from federal income taxation under § 501(c)(3) of the Code and serves as the parent holding company for the Health Midwest System which is a comprehensive integrated system of organizations dedicated to the delivery of health care services to the Kansas City metropolitan area and the surrounding region, which operates general acute care hospitals and related services, provides outreach clinical and support services, and conducts other health care related activities;

WHEREAS, Menorah desires to transfer to Health Midwest and Health Midwest desires to acquire from Menorah all of the rights as sole member under applicable corporate law, of MMC, MHC, the Menorah Foundation, and SFC (with MMC retaining control of the Physician Organizations) and all of the stock of MMC Services Corporation all as more fully set forth in this Agreement. All of the above referenced organizations to be transferred to Health Midwest hereunder are herein referred to as the "Transferred Organizations";

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants hereinafter set forth, the parties agree as follows:

ARTICLE I

TRANSFER TO HEALTH MIDWEST OF THE MENORAH ORGANIZATIONS

1.1 Transfer to Health Midwest. Subject to the terms and conditions hereinafter set forth and only upon satisfaction of the conditions to closing established by this Agreement, on the Closing Date, Menorah shall transfer the stock of MMC Services Corporation to Health Midwest and shall cause MMC, MHC, the Menorah Foundation and SFC to amend their respective Articles of Incorporation and Bylaws:

(a) To provide that Health Midwest shall be the sole member of MMC, the Menorah Foundation, and SFC under Revised Statutes of Missouri Chapter 355, and the sole member of MHC under Kansas Statutes Annotated, Chapter 17, with the authority to elect the Boards of Directors of such corporations and with all other rights and privileges of a sole member of a

not-for-profit corporation organized under R.S.Mo. Chapter 355 and K.S.A. Chapter 17, as applicable; and

(b) in such other manner as Health Midwest may determine.

In connection with the above referenced transfer of Menorah organizations to Health Midwest, Health Midwest shall have the sole right following Closing to continue use of the Menorah name, trademark and symbols and Menorah agrees that it shall amend its Articles of Incorporation at the Closing to change its name to a name dissimilar to Menorah.

1.2 Consideration. Subject to the terms of this Agreement and in reliance on the representations and warranties set forth herein, in full consideration for the actions taken under Section 1.1 above, Health Midwest will pay to Menorah the sum of Twenty Nine Million and No/100 Dollars (\$ 29,000,000.00) subject to adjustment as provided in Section 1.4 below. The foregoing consideration shall be payable to Menorah as follows:

(a) Escrow Deposit. Upon signing of this Agreement, Health Midwest hereby deposits with Mark Twain Bank of Kansas City, N.A. ("Bank"), as Escrow Agent for the ultimate beneficiary of such payment as determined by the Menorah Board of Directors following closing the sum of Five Million and No/100 Dollars (\$5,000,000.00). Such sum shall be held by Bank and disbursed pursuant to Section 9.16 below and the terms of the Escrow Agreement attached hereto as Exhibit B. References to "Menorah" with respect to actions after Closing shall refer to Menorah or the beneficiary as above described, whichever then holds such funds.

(b) Closing Date Transfer. At Closing, Health Midwest shall transfer to Menorah in immediately available funds the balance of the consideration required by this Section 1.2.

1.3 Closing Date Balance Sheet. Within 90 days following closing, at the expense of Health Midwest, Menorah shall cause to be prepared a combined balance sheet of MMC and MHC (referred to herein as the "Closing Date Balance Sheet") as of the Closing Date. The Closing Date Balance Sheet shall be audited and certified by KPMG Peat Marwick, certified public accountant, at Health Midwest's cost. The Closing Date Balance Sheet shall be prepared in conformity with generally accepted accounting principles applied on a basis consistent with prior years and shall present fairly the financial position of the Transferred Organizations as at Closing. If within 45 days

following delivery to Health Midwest and Menorah of the Closing Date Balance Sheet contemplated herein either Health Midwest or Menorah notifies the other that it disputes any item in the Closing Date Balance Sheet and Health Midwest and Menorah cannot resolve such dispute, then within ten (10) days Health Midwest and Menorah shall each select a firm of independent accountants from among the firms of independent accountants generally known as the "big six firms", which firms and KPMG Peat Marwick shall, within 30 days thereafter, make a determination of any changes which should be made to the Closing Date Balance Sheet, which determination by a majority of such firms shall be binding on the parties. In making such determination, such independent accountants shall be given access to all working papers used in the preparation of the Closing Date Balance Sheet, and to all relevant books and records of the Transferred Organizations. Expenses of the arbitration shall be borne by Health Midwest.

1.4 Consideration Adjustment. If the Closing Date Balance Sheet indicates that the combined net book value of the fund balance of MMC and MHC at Closing exceeds Thirty Six Million Seven Hundred Seventy Two Thousand and No/100 Dollars (\$36,772,000.00), then the consideration shall be increased to the extent the excess exceeds One Million Dollars (\$1,000,000.00). If the combined net book value of the MMC and MHC fund balances is less than such amount, then the purchase price shall be reduced to the extent the deficiency exceeds One Million Dollars (\$1,000,000.00). For example, if the combined net book value fund balance of MMC and MHC at Closing is \$37,872,000, then the purchase price would be increased by \$100,000. Similarly, if the combined net book value fund balance of MMC and MHC on the Closing Date is \$35,672,000, then the purchase price would be reduced by \$100,000. The amount of any increase shall be paid by Health Midwest to Menorah in immediately available funds within thirty (30) days following final determination of the Closing Date Balance Sheet. Similarly, the amount of any reduction shall be paid by or on behalf of Menorah to Health Midwest within such thirty (30) day period.

1.5 Noncompetition. For a period of fifteen (15) years following the Closing, Menorah and any organizations owned or controlled by it shall not construct, acquire, manage or otherwise acquire an inpatient or outpatient hospital facility in the Kansas City metropolitan area; provided however that in the event that Health Midwest does not commence construction of, or acquire, an existing licensed medical surgical inpatient facility of not less than 100-200 beds in Johnson County, Kansas within five (5) years following Closing, the noncompetition covenant will be terminated with respect to facilities in Johnson County, Kansas. Further, if Health Midwest fails in any material manner

to observe the religious nondiscrimination covenant set forth in Section 1.9 below, then Menorah may elect to terminate the noncompetition covenant. Menorah agrees that irreparable harm which is impossible to quantify in damages will result to Health Midwest from any breach of this covenant against competition. Therefore, in addition to and not in limitation of any other rights or remedies Health Midwest may have for a breach or threatened breach of this Section 1.5, Health Midwest shall have the remedies of restraining order, injunction, specific performance and such other equitable relief as a court of competent jurisdiction may award. Menorah agrees in any equitable proceeding brought by Health Midwest seeking to enforce the provisions of this Section 1.5 not to claim that Health Midwest has an adequate remedy at law.

1.6 Johnson County Inpatient Facility. Health Midwest represents that within five (5) years after the Closing, it will commence construction of a new 100 - 200 licensed bed medical-surgical inpatient facility (or in the alternative acquire an existing facility) in Johnson County, Kansas, and will name such facility Menorah Medical Center. Health Midwest represents and warrants that it has access to funds sufficient to construct such a facility in Johnson County, Kansas. If Closing occurs hereunder and within five (5) years thereafter Health Midwest (or a subsidiary) fails to break ground on construction of such facility (or fails thereafter to diligently complete such construction within 2 years after breaking of ground) or acquire an existing inpatient facility in Johnson County, Kansas, Health Midwest shall pay to Menorah the sum of Five Million and No/100 Dollars (\$5,000,000.00) upon demand.

1.7 Menorah Management. Following the Closing, the existing management team of the Transferred Organizations will be retained in accordance with any existing terms and conditions of employment, including severance obligations and retention bonuses; provided that no change occurs in such employment terms and conditions between signing and Closing of this Agreement. The authority and responsibility of such management team shall be subject to the authority of applicable Boards of Directors and senior Health Midwest executives. Such authority and responsibility shall be exercised consistent with Health Midwest levels of approval authority, policies and procedures. Health Midwest shall after the Closing retain all employees of the Transferred Organizations consistent with Health Midwest's normal employment practices.

It is understood that this Agreement creates no obligation for the Health Midwest Board of Directors with respect to governance structures for either Menorah Medical Center or Health Midwest. It is the intention of Health Midwest, however, to

operate Menorah Medical Center as a first tier subsidiary of the Health Midwest system and as such it will seek to achieve representation of the Health Midwest Board on the Menorah Medical Center Board and also will seek Menorah Medical Center Board representation on the Health Midwest Board. It is acknowledged by the parties that these decisions and the selection of the individuals to fulfill these responsibilities are the sole responsibility of Health Midwest.

1.8 Medical Staff.

(a) Autonomy. The Medical Staff of MMC is and following the Closing hereunder shall remain a completely separate, internally autonomous, self-governing Medical Staff responsible only to the Board of Directors of MMC in accordance with the Medical Staff Bylaws and applicable law. MMC Medical Staff shall have no direct organizational or official interrelationship with the Medical Staff of any of the other hospitals within the Health Midwest System. Health Midwest recognizes and acknowledges that MMC shall continue to work independently with the MMC Medical Staff and Medical Staff organizations, including all hospital based and other contract physicians, as in the past to foster effective, efficient, quality community patient care.

(b) Kansas City, Missouri Opportunity. If Health Midwest closes, or transfers hospital operations from, the MMC facility at 4949 Rockhill Road, Kansas City, Missouri to a new or acquired Johnson County, Kansas inpatient facility, then prior to such closing or transfer of operations, individual members of the MMC Medical Staff will be offered the opportunity to apply for comparable medical staff privileges at another Health Midwest hospital located in Kansas City, Missouri, and such applications will be acted upon in accordance with the normal medical staff bylaws, rules, regulations, proceedings and fair hearing plan of the applicable Health Midwest hospital(s). Menorah medical staff physicians who apply to the medical staff of another Health Midwest hospital in Kansas City, Missouri shall be evaluated exclusively on the basis of credentials for the privileges they seek. Any applicant denied appointment shall be given a clear statement of the reason for denial. In no case shall the reason for denial be that the medical staff of the specific Health Midwest hospital in question is "closed, full" or in any other way not interested in additional members of the medical staff who are otherwise qualified.

(c) Johnson County, Kansas Opportunity. Prior to the time that Health Midwest commences operation of a new medical-surgical inpatient facility in Johnson County, Kansas, the physicians then under contract to provide "hospital based"

physician services at MMC will be offered the right of first refusal to provide such services to the newly constructed Johnson county, Kansas facility. If such facility is acquired, rather than constructed, the MMC hospital based physicians will be given an opportunity to compete for such contracts, subject to any existing contractual rights of other physicians. For purposes of this Section 1.8(c), "hospital based" means physicians who provide the following physician services within a hospital: pathology, radiology, anesthesia, cardiology, neurology, physiatry, and emergency room services. Other members of the MMC Medical Staff will be entitled to seek privileges at any such facility in accordance with the Medical Staff Bylaws, rules and regulations applicable thereto.

1.9 Menorah Traditions; Nondiscrimination. Following Closing, in the operation of MMC and MHC, Health Midwest shall continue to: (a) use the Menorah name, (b) maintain Jewish traditions, policies, facilities and rituals provided by MMC at the date hereof, as same evolved from time to time, and (c) preserve and maintain all plaques and other indicia of recognition for private benefactors of MMC and MHC. In conducting operations of the Transferred Organizations following Closing, Health Midwest agrees that it will not, except as set forth in (a)-(c) above discriminate on the basis of race, religion, gender, age, or national origin with respect to medical staff credentialing, employment or provision of services to patients.

1.10 Right of First Refusal. At the Closing, Health Midwest will execute and deliver to Menorah an agreement, in recordable form, granting to Menorah the right of first refusal upon any sale of the real properties and improvements owned by MMC and/or SFC which are located on or near the MMC facility at 4949 Rockhill Road, Kansas City, Missouri.

1.11 Rockhill Facility. Until at the earliest the opening of the Menorah facility at Menorah Park or the construction or acquisition of another Johnson County 100-200 bed medical-surgical inpatient facility to be named Menorah "Medical Center", or the payment to Menorah of the \$5,000,000 payment under the circumstances described in Section 1.6, Health Midwest shall not close the Menorah Medical Center at 4949 Rockhill Road and shall operate such facility diligently with a view to maintaining and increasing the business there.

ARTICLE II

REPRESENTATIONS AND WARRANTIES OF MENORAH

Menorah hereby makes the following representations and warranties, each of which is true and correct on the date hereof and will be true and correct on the Closing Date. Any item disclosed on any schedule attached hereto shall be deemed to be disclosed on every schedule attached hereto.

2.1 Organization and Existence. Menorah and the Transferred Organizations are corporations duly incorporated, validly existing, and in good standing under the laws of the State of Missouri or the State of Kansas (as applicable).

2.2 Authorization, Etc. The execution, delivery and performance by Menorah Medical Center of this Agreement and all related instruments, agreements, and documents has been or by closing will be duly authorized by its Board of Directors. Menorah Medical Center will use its best efforts to obtain from its sole member and from the Transferred Organizations the due authorization of the execution, delivery and performance by Menorah and the Transferred Organizations of such instruments, agreements and documents. Upon Closing, the execution, delivery and performance by Menorah and the Transferred Organizations will not be prohibited, or materially restricted or inhibited by their Articles of Incorporation or By-laws.

2.3 Enforceability of Obligations. This Agreement and all related agreements, instruments and documents will upon Closing be, legal, valid and binding obligations and enforceable against Menorah and the Transferred Organizations, as applicable in accordance with their respective terms, except to the extent of applicable bankruptcy, moratorium, insolvency, reorganization and other laws and legal principles affecting or limiting creditors' rights generally.

2.4 Insider Interests. As stated on Schedule 2.4 and to the actual knowledge of Menorah, Menorah has disclosed to Health Midwest the existence and nature of any relationship pursuant to which any present officer or director of Menorah or any of the Transferred Organizations (a) owns, directly or indirectly, in whole or in part, any of the properties used in the businesses of Menorah or any Transferred Organization, or (b) has any other present ongoing business relationship with Menorah or any of the Transferred Organizations other than in his or her capacity as an officer or director. At or before Closing Menorah shall update Schedule 2.4 to disclose the results of a questionnaire to all members of the Board of Directors and officers of Menorah and the Transferred Organizations (other than

Physicians and other than members of the Board of Directors of the Foundation who are not also members of the Board of Directors of another Transferred Organization) regarding ownership (other than ownership of publicly traded securities), control, employment, status, participation in, or consultation with, any entity which is a medical surgical inpatient hospital in the greater Kansas City metropolitan area.

2.5 Financial Statements and Records. The combined audited balance sheets of Menorah, MMC, Menorah Foundation and MHC as of April 30, 1993 and the unaudited balance sheets as of July 31, 1993, and the related combined statements of revenue and expense and changes in financial position for the periods then ended, and the separate balance sheets and related statements of revenue and expense and changes in financial position for each of MMC, Menorah Foundation and MHC for their corresponding fiscal year ends and end of month reporting periods (herein respectively called the "April 30, 1993 audited financial statements" and the "July 31, 1993 financial statements"), copies of which have been furnished by Menorah to Health Midwest, fairly present their financial conditions as of such dates and the results of operations for the periods ended on such dates.

2.6 Events Subsequent to April 30, 1993. Except as noted on Schedule 2.6 hereto, since April 30, 1993, to the actual knowledge of Menorah, there has been no (a) material, adverse change in the condition of assets or liabilities of Menorah and the Transferred Organizations taken as a whole, (b) damage, destruction or loss, whether covered by insurance or not, materially and adversely affecting the property or business of Menorah and the Transferred Organizations taken as a whole, (c) declaration, setting aside or payment of any contribution or distribution to Menorah by any of the Transferred Organizations, or (d) bonus paid to officers or directors of any of the Transferred Organizations or accrued on their behalf or unusual withdrawal made by any of them, or any increase in the compensation payable by any of the Transferred Organizations to any of them.

2.7 Compliance with Law and Other Regulations. To the actual knowledge of Menorah and except as set forth in Schedule 2.7, Menorah and the Transferred Organizations have not received any notice, except those complied with by them or waived by the responsible authority, from any federal, state or other governmental authority or agency having jurisdiction over the properties or activities of any of them, or any insurance or inspection body, that their operations or any of their properties, facilities, equipment, or operating procedures or practices fail in any manner material to the operations of Menorah and the Transferred Organizations taken as a whole to

comply with any applicable law, ordinance, regulation, building or zoning ordinance, code, or regulation, or requirement of any public authority or body.

2.8 Litigation. Except as disclosed on Schedule 2.8, there is no pending or, to the actual knowledge of Menorah, threatened action or proceeding to which Menorah or any of the Transferred Organizations is or would be a party before any court, governmental agency or arbitrator, an adverse determination of which would have a material adverse effect upon the operations of Menorah and the Transferred Organizations taken as a whole. No such judgment, order or decree has been entered which has, or will have, such effect. There is no claim, action or proceeding now pending or, to the actual knowledge of Menorah, threatened before any court, administrative or regulatory body, or any governmental agency, which will prevent the consummation of the transactions contemplated by this Agreement.

2.9 Fraud and Abuse. Menorah and the Transferred Organizations have not received any notice of any investigation nor to the actual knowledge of Menorah is any of them the subject of any pending action or proceeding which alleges that any of them have engaged in any activities which are prohibited under federal Medicare statute, 42 U.S.C. § 1320a-7b(b), or the regulations promulgated pursuant to such statutes or related state or local statutes or regulations or which are prohibited by rules of professional conduct, including, but not limited to, any notices or pending investigations or proceedings which allege that any of them has knowingly and willfully solicited or received any remuneration (including any kickback, bribe or rebate), directly or indirectly, overtly or covertly, in cash or in kind or offering to pay such remuneration 1. in return for referring an individual to a person for the furnishing of any item or service for which payment may be made in whole or in part by Medicare or any State health program, as defined in 42 U.S.C. § 1320a-7, or 2. in return for recommending, purchasing, leasing or ordering any good, facility, service or item for which payment may be made in whole or in part by Medicare or any State health program.

2.10 Leases. The Transferred Organizations have no interest, either as lessee or lessor, in any existing material leases of personal or real property which are for a term exceeding one (1) year and involve annual rental payments exceeding One Hundred Thousand Dollars (\$100,000), except as described on Schedule 2.10 hereto, which schedule shall be updated at the time of any material change in the leases described therein. All rentals due under said leases as to which Menorah or a Transferred Organization is tenant or lessee have been paid and to the actual knowledge of Menorah there exists no

material default by Menorah or the Transferred Organization which is the lessee or tenant under the terms of said leases and no event has occurred which, upon passage of time or the giving of notice, or both, would result in any event of default by Menorah or prevent the respective Transferred Organization(s) from exercising and obtaining the benefits as tenant of any options contained therein. To the actual knowledge of Menorah and except as identified on Schedule 2.10, all such leases are valid and in full force and effect.

2.11 Outstanding Guaranties. Except as disclosed in Schedule 2.11 or on the consolidated audited financial statements, the Transferred Organizations do not have any guaranties outstanding by which any of them guarantees any indebtedness or any liability of any other person or entity other than another Transferred Organization.

2.12 Taxes; Exempt Status. Menorah and the Transferred Organizations have filed all required federal and other tax returns and paid any taxes due pursuant thereto or pursuant to any assessment received by any of them except such taxes, if any, as are being contested in good faith and as to which adequate reserves have been provided. Except as disclosed on Schedule 2.12, no audit of any federal, state or city income tax returns or other tax returns of Menorah or any of the Transferred Organizations is pending or, to the actual knowledge of Menorah, threatened.

True copies of all federal, state and local income tax, property tax, sales tax, Form 990, and other tax returns, tax examination and audit reports, and statements of deficiencies assessed against or agreed to by Menorah and each of the Transferred Organizations since January 1, 1990 have been or will prior to Closing be delivered by Menorah to Health Midwest. All deficiencies assessed against Menorah and any of the Transferred Organizations have been paid or are being contested in good faith and are appropriately reserved against on the April 30, 1993 financial statements.

Copies of the Internal Revenue Service determination letters confirming that Menorah, MMC, MHC and the Menorah Foundation are organizations exempt from federal income tax under § 501(c)(3) of the Code and qualify as public charities under §509 of the Code and correspondence from counsel referencing the determination letter regarding the tax exempt status of Systems Facility have been delivered by Menorah to Health Midwest. Menorah, MMC, MHC and the Menorah Foundation have not received any notice of any investigation nor to the actual knowledge of Menorah is any of them the subject of any pending action or proceeding which alleges that any of them is in violation of or

questions its compliance with any of the requirements of § 501(c)(3) of the Code or any other provision of the Code or state law which are conditions to the continued maintenance of their tax exempt status under federal or state law. Except as disclosed on Schedule 2.12, no audit of the exempt status of Menorah, MMC, MHC or the Foundation is pending, or to the actual knowledge of Menorah threatened by any federal, state or local authority. The Physician Organizations have applied for tax exempt status and public charity status under § 501(c)(3) and § 509(a) of the Code and such applications are currently pending before the Internal Revenue Service.

2.13 Employee Plans; Labor Matters. The Transferred Organizations have, and at the Closing Date will have, no "employee pension benefit plan" as that phrase is defined in Section 3(2) of ERISA (herein called a "Plan"), except the plans described on Schedule 2.13 (herein called "Pension Plans"). Except as described on said Schedule 2.13, the Transferred Organizations have, and at the Closing Date will have, no obligations, contingent or otherwise, written or oral, which are not cancelable upon thirty (30) days notice, under any: (a) collective bargaining agreement; (b) nonqualified pension or retirement plan, bonus plan, stock option or purchase plan, or other contract or nonterminable agreement benefiting employees generally; (c) group insurance, group hospitalization; or (d) other group employee benefit plan. The Transferred Organizations have performed all material obligations to the participants required to be performed under the plans and all such other group agreements and are not in default or in arrears in any material respect under any of the terms thereof. Except as set forth in Schedule 2.13, the Transferred Organizations have not within the past three (3) years engaged in discussions with respect to any collective bargaining agreement and have not been the subject of any election with respect to the unionization of any of their employees, nor are any such discussions or elections now pending, contemplated by them or threatened by others. To the actual knowledge of Menorah, neither Menorah nor any Transferred Organization has received notice of (i) noncompliance with any applicable federal and state laws relating to the employment of labor, including but not limited to the provisions thereof relative to wages, hours, collective bargaining, discrimination, and occupational safety and health standards, or (ii) liability for any arrears of wages or other penalties for failure to comply with any of the foregoing, which liability or failure to comply would have a material adverse effect on Menorah and the Transferred Organizations taken as a whole.

2.14 Title to and Condition of Assets. The Transferred Organizations have, and at the Closing will have, good and marketable title to all of their assets and properties,

subject only to those options, rights of first refusal, liens, restrictions, encumbrances, pledges, and security interests which do not materially interfere with the operations of Menorah and the Transferred Organizations taken as a whole, which are matters of public record or which are disclosed on Schedule 2.14 hereto. Except as disclosed on Schedule 2.14, the assets and properties presently utilized by the Transferred Organizations are in reasonably good condition and repair in all material respects, and are without the present need for any major (i.e.: in excess of \$500,000 in any one instance or more than \$1,000,000 above the current fiscal year budget in the aggregate) replacement equipment, repairs, construction, or reconditions being required by any of them.

2.15 Contracts and Commitments. Except as described in Schedule 2.15 hereto, the Transferred Organizations do not have and at the Closing Date will not have any material contracts or agreements which are not cancelable by the contracting Transferred Organization on less than 180 days notice, (a) for short term or long term indebtedness, (b) for the purchase or sale of inventory, or (c) for the purchase or sale of supplies, services (other than physician and managed care contracts) or other items, or (d) for the purchase or sale of any equipment or machinery. At the Closing Date the Transferred Organizations will not have any such commitment or obligation except those incurred in the ordinary course of business, those listed in the aforesaid Schedule 2.15, or those disclosed to and discussed with Health Midwest. The Transferred Organizations have substantially performed in all material respects all obligations required to be performed under any such contract or agreement and to the actual knowledge of Menorah are not in default or in arrears in any material respect under the terms thereof, except such defaults as do not interfere in any material respect with the exercise of the contracting Transferring Organization rights under such contracts. Except as disclosed on Schedule 2.15, Menorah is not aware that it has received any notice of any default or failure of performance under any such contract or agreement, which default or failure has not been waived or cured. To the actual knowledge of Menorah, each such material contract or agreement is in full force and effect on the date hereof and true and correct copies of each thereof have been or will be, prior to Closing, made available by Menorah to Health Midwest.

2.16 Accounts Receivable. The net accounts receivable of the Transferred Organizations reflected on the April 30, 1993 audited financial statements are, and those to be shown on the Closing Date Balance Sheet shall be (a) to the actual knowledge of Menorah, valid claims in substantially the full net amount thereof against the debtor charged therewith on their books; (b) except as disclosed on such financial statements or otherwise

disclosed, acquired in the ordinary course of business; and (c) to the actual knowledge of Menorah, subject to no defenses other than defenses raised in the ordinary course of business by payors or patients.

2.17 Insurance Coverages. The Transferred organizations maintain, with no premium arrearages, insurance policies with the companies in the amounts and providing the coverages set forth in Schedule 2.17. True and correct copies of all such policies, any endorsements thereto, and of all insurance facility inspection reports have been or will be, prior to Closing, made available by Menorah to Health Midwest. To the actual knowledge of Menorah, all such policies are in full force and effect, and Menorah is not aware of any reason that consummation of the transactions contemplated herein would prevent the Transferred Organizations from continuing such policies on substantially the same terms in the future.

2.18 Bank Accounts. Menorah has delivered to Health Midwest true and complete lists as of September 30, 1993 of all accounts of the Transferred Organizations with banks, trust companies, savings and loan associations, brokerage houses, and money managers, and the names of all persons authorized to draw thereon or to have access thereto. Such lists will be updated as of the Closing Date.

2.19 Trademarks, Trade Names, Etc. Schedule 2.19 hereto sets forth all, if any, of the trademarks, trade names, service marks, patents, copyrights, and registrations of the Transferred Organizations which are material to the operations of Menorah and the Transferred Organizations taken as a whole, or applications with respect thereto, and licenses or rights under the same presently owned, used or intended to be acquired or used by any of them, and to the extent set forth in Schedule 2.19, the same have been duly registered in any such offices as are indicated thereon.

2.20 Accuracy of Information. To the actual knowledge of Menorah, the financial materials, schedules and other materials supplied and to be supplied by Menorah to Health Midwest pursuant to this Agreement are and shall be substantially complete and correct in all material respects.

2.21 Additional Documents Supplied. Menorah has delivered or made available to Health Midwest true copies of the documents identified on Schedule 2.21 attached hereto.

2.22 Subsidiaries, Partnerships and Investments. Except as disclosed in Schedule 2.22 hereto, (a) the Transferred Organizations other than the Menorah Foundation do not own

capital stock or other securities of, or any equity interests in any nonpublicly traded corporation, partnership, joint venture, or other entity; the ownership of which is material to the operation of the business of Menorah and the Transferred Organizations taken as a whole; (b) all such equity interests in each of the corporations, partnerships, joint ventures and other entities named in such Schedule 2.22 are owned free and clear of all mortgages, liens, pledges, charges, security interests, encumbrances, options, rights of third parties, charges and restrictions whatsoever (collectively "Liens") other than those disclosed on Schedule 2.22, except such mortgages, liens, etc. as which would not materially adversely effect the operations of the Transferred Organizations, or such entities;

2.23 Hazardous Substances. To the actual knowledge of Menorah, no governmental agency or authority has issued any notices or claims to Menorah or any Transferred Organization or commenced any proceedings against Menorah or any Transferred Organization regarding or alleging the existence, storage or disposal of hazardous substances on the property, or the discharge or release of hazardous substances from the property. For purposes hereof, "applicable environmental laws" shall mean the Resource Conservation and Recovery Act of 1981 (as amended) ("RCRA"), the Comprehensive Environmental Response Compensation and Liability Act of 1980 (as amended) ("CERCLA"), the Hazardous Waste Management Act of 1978 (as amended), the Clean Air Act of 1970 (as amended), the Toxic Substances Control Act of 1976 (as amended), and any other environmental laws of the United States, the State of Missouri, the State of Kansas, and the ordinances of any applicable county or municipality, and "hazardous substance" and "release" shall have the meaning specified in such applicable environmental laws.

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF HEALTH MIDWEST

Health Midwest hereby makes the following representations and warranties, each of which is true and correct on the date hereof and shall be true and correct on the Closing Date:

3.1 Corporate Existence and Qualification. Health Midwest is a corporation duly organized and validly existing under the laws of the State of Missouri and has full power and authority to own its properties and to carry on its business as it is now being conducted. Health Midwest is duly qualified to conduct operations in the State of Kansas.

3.2 Authorization of Agreement. The execution and delivery of this Agreement has been duly authorized and approved by Health Midwest's Board of Directors acting at a meeting thereof duly held. Neither the execution nor the performance of this Agreement, nor the consummation of the transactions contemplated hereby, will result in the breach of any term or provision of, or constitute a default under, or result in the acceleration of any obligation under any agreement, instrument, order, judgment or other restriction to which Health Midwest is a party or by which it is bound.

3.3 Enforceability of Obligations. This Agreement and all related agreements, instruments and documents are, or upon execution at the Closing will be, legal, valid and binding obligations and enforceable against Health Midwest in accordance with their respective terms, except to the extent of applicable bankruptcy, moratorium, insolvency, reorganization and other laws and legal principles affecting or limiting creditors' rights generally.

3.4 Market Data. The hospital market share information for the 10-county Kansas City Standard Metropolitan Statistical Area which was previously provided to Menorah by Health Midwest, a copy of which is attached hereto as Schedule 3.4, was calculated by Health Midwest based upon data published by the American Hospital Association in the 1993 AHA Guide to the Health Care Field and, assuming the geographic and relevant product markets would be accepted as accurate by the Federal Trade Commission, the analysis thereof attached hereto is calculated in accordance with the HHI Index used by the Federal Trade Commission in determining the anticompetitive effect of any affiliation or merger transactions.

3.5 Private Third Party Payor Relationship. Attached to this Agreement as Schedule 3.5 is a list of the relationships Health Midwest hospitals have with private third party payors for provision of hospital services to members of health care plans offered by such third party payors. Following Closing, Health Midwest agrees to use good faith best efforts to continue in effect the provider agreements of MMC with Kaiser Permanente and HealthNet and to obtain for MMC and members of its medical staff provider agreements with the third party payors listed on Schedule 3.5.

ARTICLE IV

CONFIDENTIALITY: PUBLICITY

4.1 Confidentiality. Health Midwest, Menorah, and the Transferred Organizations, on behalf of themselves and their members, directors, officers, employees, agents, and affiliate and related entities, mutually agree that any confidential or proprietary matters (except publicly available or freely usable material as otherwise obtained from another source who was rightfully in possession of and entitled to disseminate such material) respecting any party or their respective affiliates and related entities will be kept in strict confidence by the other parties to this Agreement and their members, directors, officers, employees, agents, and affiliate and related entities, and shall not be used or disclosed by the other parties or their members, directors, officers, employees, agents and affiliate and related entities whether or not the transactions contemplated by this Agreement are consummated. The provisions of this Article IV shall survive termination of this Agreement. In the event of termination of this Agreement, each party shall use all reasonable efforts to return, upon request, to the other party, all documents (including reproductions thereof) received from or at the direction of other parties (and, as to reproductions, all reproductions made by or on behalf of the receiving party) that include any information not within the exceptions contained in the first sentence of this Article IV. This provision is in addition to and not in lieu of the provisions regarding confidentiality and nondisclosure set forth in that letter between Menorah and Health Midwest dated October 13, 1993, which letter shall remain in full force and effect in accordance with its terms.

4.2 Publicity. Neither party shall issue a public announcement or make any public statement regarding this Agreement or the transactions contemplated herein without prior approval from the other party. Menorah and Health Midwest agree to jointly develop a press release and other public announcements and communications regarding this Agreement and the transactions contemplated herein. Further, each party agrees to designate a single individual to handle all media communications regarding this Agreement and the transactions contemplated herein. The designated media representatives for each party shall coordinate their responses to media inquiries and their public communication initiatives with respect to this Agreement and the transactions contemplated herein.

ARTICLE V

CONDUCT OF OPERATIONS PRIOR TO CLOSING

5.1 Restrictions on Operations Prior to Closing. From the date of signing this Agreement through the Closing Date or earlier termination pursuant to the terms hereof, the Transferred Organizations shall conduct their operations according to their ordinary and usual course, and without the prior written consent of Health Midwest, they shall not:

(a) Incur any indebtedness, make any contract other than in the ordinary course of business, or take any action materially adversely affecting their rights and interests in respect of their properties or assets;

(b) Acquire or agree to acquire any assets or dispose of or agree to dispose of any assets of market value greater than \$100,000 other than in the ordinary course of business to fulfill normal requirements for materials or normal commitments for the provision of their health care services;

(c) Enter into any contract other than in the ordinary course of business, make any leasehold improvement additions, or enter into any single contract with respect to plant and equipment involving more than \$50,000;

(d) Enter into any contract with a physician and/or medical group which has a term of greater than one (1) year;

(e) Increase in any manner the compensation of any of their officers, pay or accrue any bonuses, or commit to any employment or collective bargaining agreements other than such compensation, bonus, commitment or agreement identified on a schedule to this Agreement;

(f) Enter into any new employment benefit plan or increase the benefits under any such existing plan including but not by way of limitations any pension, retirement, bonus, medical, hospitalization, life insurance plan or other insurance plan; or

(g) Declare or pay any contributions to Menorah, make any payment or distribution to Menorah, or make any change in their capital structure.

5.2 Conduct of Operations and Access. Following execution hereof and prior to the Closing Date, Menorah (a) will give to Health Midwest and its representatives full access upon reasonable prior notice, during ordinary business hours to the premises, records, minute books, books of account, contract records and tax records of the Transferred Organizations, and (b) will furnish Health Midwest all information with respect to the operations and affairs of the Transferred Organizations as Health Midwest may from time to time reasonably request. Health Midwest shall be entitled to conduct a physical inspection and environmental assessment of all real property, buildings, improvements, machinery and equipment of the Transferred Organizations and to review their books and records pertaining to all such assets and properties. Menorah agrees to make the same available to Health Midwest and its agents for review during normal business hours upon Health Midwest's request made a reasonable time in advance. Health Midwest shall make such physical inspection, environmental assessment and review of books and records at its cost. Health Midwest shall conduct its review and inspection of operations, assets, books, records and properties of the Transferred Organizations in a manner so as not to materially interfere with the conduct of their operations.

ARTICLE VI

CONDITIONS PRECEDENT TO HEALTH MIDWEST'S OBLIGATIONS

All obligations of Health Midwest under this Agreement are subject to the fulfillment on or before the Closing Date of each of the following conditions, subject, however, to the right of Health Midwest to waive in writing any one or more of such conditions and subject to Health Midwest's liability, if any, for failure to close under Section 9.16(c), which liability shall apply under the conditions described therein whether or not all conditions to Closing have been met:

6.1 Correctness of Representations and Warranties. Menorah shall not have actual knowledge that any representations and warranties of Menorah contained in this Agreement and in the schedules, certificates and papers to be delivered to Health Midwest pursuant hereto and in connection herewith are not true in any material respect on the Closing Date as though such representations and warranties were made on and as of the Closing Date.

6.2 Compliance with Agreement. Menorah and the Transferred Organizations shall have substantially performed and complied with all material obligations under this Agreement which

are to be performed or complied with by them prior to the Closing Date.

6.3 Absence of Litigation. No suit, action or other proceeding or investigation shall be threatened or pending before any court or governmental agency to restrain or prohibit, or to obtain damages or other relief in connection with this Agreement, or the consummation of the transactions contemplated hereby.

6.4 Opinion of Counsel. Health Midwest shall have received from counsel to Menorah, an opinion of such counsel dated as of the Closing Date, in the form of Schedule 6.4 attached hereto and a separate opinion of bond counsel regarding whether or not the holders of bonds, or Trustee, under the Menorah Medical Center 1991 bond issue must consent to the transactions contemplated hereby.

6.5 Incumbency Certificates. Health Midwest shall have received incumbency certificates, dated as of the Closing Date, certifying the incumbency of each officer and director of Menorah, MMC and MHC and containing specimens of the signatures of the officers who are signing documents to be delivered at the Closing.

6.6 Certified Resolutions. Menorah shall have furnished resolutions, certified by the appropriate officers of Menorah and the Transferred Organizations, authorizing the transactions contemplated hereby and amending the Articles of Incorporation and Bylaws of the Transferred Organizations as required by Section 1.1 of this Agreement.

6.7 Governmental Compliance. The parties shall have complied with the preclosing requirements, if any, of the Federal Trade Commission, the U.S. Department of Justice, the U.S. Department of Health and Human Services, and any other governmental agency with jurisdiction to regulate the business of any of them.

6.8 Lender Approvals. The parties shall have received written approval of the transaction by any lender or party which may have an agreement with the parties or any of their subsidiaries which requires approval by such lender or party for the performance of the obligations, covenants and conditions of this Agreement.

ARTICLE VII

CONDITIONS PRECEDENT TO MENORAH'S OBLIGATIONS

All obligations of Menorah under this Agreement are subject to fulfillment on or before the Closing Date of each of the following conditions, subject, however, to the right of Menorah to waive in writing any one or more of such conditions and subject to Menorah's liability, if any, for failure to close under Section 9.16(a), which liability shall apply under the circumstances described therein whether or not all conditions to closing have been met:

7.1 Correctness of Warranties and Representations. The representations and warranties of Health Midwest contained in this Agreement and in the certificates and papers delivered to Menorah pursuant hereto and in connection herewith shall be true in all material respects on the date hereof and on the Closing Date as though such representations and warranties were made at and as of the Closing Date.

7.2 Compliance with Agreement. Health Midwest shall have performed and complied with all material obligations under this Agreement which are to be performed or complied with by it prior to the Closing Date.

7.3 Absence of Litigation. No suit, action or other proceeding or investigation shall be threatened or pending before any court or governmental agency to restrain or prohibit, or to obtain damages or other relief in connection with this Agreement or the transactions contemplated hereby.

7.4 Opinion of Counsel. Menorah shall have received from Counsel to Health Midwest an opinion of such Counsel dated as of the Closing Date, in the form of Schedule 7.4 attached hereto.

7.5 Incumbency Certificates. Menorah shall have received incumbency certificates, dated as of the Closing Date, certifying the incumbency of each officer and director of Health Midwest and containing specimens of the signatures of each of the officers who are signing documents to be delivered at the Closing.

7.6 Certified Resolutions. Health Midwest shall have furnished resolutions, certified by the appropriate officers of Health Midwest, authorizing the transactions contemplated hereby.

7.7 Governmental Compliance. The parties shall have complied with the preclosing requirements, if any, of the Federal Trade Commission, the U.S. Department of Justice, the U.S. Department of Health and Human Services, and any other governmental agency with jurisdiction to regulate the business of the parties.

7.8 Lender Approvals. The parties shall have received written approval of the transaction by any lender or party which may have an agreement with the parties or their subsidiaries which requires approval by such lender or party for the performance of the obligations, covenants and conditions of this Agreement.

ARTICLE VIII

CLOSING

8.1 Time and Place. The Closing under this Agreement for the subsidiary transfer shall take place at the offices of MMC, 4949 Rockhill Road, Kansas City, Missouri, on December 31, 1993 or such other date as the parties shall mutually agree (the "Closing Date"). The Closing shall be effective as of the close of business on December 31, 1993 or such other date selected by the parties for Closing.

8.2 Deliveries. At the Closing:

(a) Menorah shall deliver to Health Midwest:

(i) Duplicate originals of Articles of Amendment effecting the modification of the governing structure of MMC, SFC and the Menorah Foundation in the form and executed in the manner specified by R.S.Mo. § 355.070 and R.S.Mo. § 355.075 for filing by the parties with the Missouri Secretary of State. Following Closing, Menorah shall cause the Missouri Secretary of State to issue certificates to the parties of the filing of such Articles of Amendment;

(ii) Duplicate originals of Articles of Amendment effecting the modification of the governing structure of MHC in the form and executed in the manner specified by K.S.A. 17-6602 and K.S.A. 17-6003 for filing by the parties with the Kansas Secretary of State. Following Closing, Menorah shall cause the Kansas Secretary of State

to issue certificates to the parties of the filing of such Articles of Amendment;

(iii) The By-Laws of MMC, MHC, SFC and the Menorah Foundation amended in the manner required by this Agreement and certified by the Secretary of the applicable corporation to have been duly adopted by the respective Boards of Directors of such corporations;

(iv) Duplicate originals of Articles of Amendment effecting the change of name of Menorah in the form and executed in the manner specified by R.S.Mo. § 355.070 and R.S. Mo. § 355.075 for filing by the parties with the Missouri Secretary of State. Following closing, Menorah shall cause the Missouri Secretary of State to issue certificates to the parties of the filing of such Articles of Amendment;

(v) The legal opinions of Menorah's counsel and bond counsel as required by Section 6.4 hereof;

(vi) The certified resolutions as required by Section 6.6 of this Agreement;

(vii) The incumbency certificates as required by Section 6.5 of this Agreement;

(viii) A Certificate of Good Standing or corporate existence of MMC, SFC, the Menorah Foundation and the Physician Organizations and MMC Services Corporation from the Secretary of State of Missouri and of MHC from the Secretary of State of Kansas dated not more than thirty (30) days prior to the Closing Date;

(ix) The certificate evidencing the ownership by Menorah of the outstanding stock of MMC Services Corporation, or a lost certificate affidavit reasonably acceptable to Health Midwest; and

(b) Health Midwest shall deliver to Menorah:

(i) The cash or immediately available funds as required by Section 1.2 hereof;

(ii) The Right of First Refusal Agreement as required by Section 1.10 hereof;

(iii) A Certificate of Good Standing or corporate existence of Health Midwest from the Secretary of State of Missouri, dated not more than thirty (30) days prior to the Closing Date;

(iv) The legal opinion of Health Midwest's counsel as required by Section 7.4 hereof;

(v) The certified resolutions as required by Section 7.6 of this Agreement;

(vi) The incumbency certificates as required by Section 7.5 of this Agreement; and

8.3 Books and Records: Post-Closing Filing. On the Closing Date, Menorah shall turn over to, or transmit as otherwise directed by Health Midwest, all books, records, minute books, membership record books, files and correspondence relating to MMC and MHC which may be in Menorah's possession. From the Closing Date, Menorah will be given full access to the books and records surrendered during ordinary business hours upon reasonable notice to Health Midwest in order to obtain information necessary for any post-closing filings, reports, returns or other matters which Menorah may be required, or desire to complete. In the alternative, Health Midwest will complete such matters on behalf of Menorah. Health Midwest shall pay the reasonable costs, expenses and fees associated with any required post closing filings.

ARTICLE IX

MISCELLANEOUS; OTHER AGREEMENTS

9.1 Further Assurances. Each party hereto shall execute such further instruments and documents as counsel for the other party may reasonably require to carry out effectively the transactions contemplated hereby and to evidence the fulfillment of the agreements contained herein and the performance of all conditions to the consummation of such transactions.

9.2 Entire Agreement, Construction; Counterparts. This Agreement, including the financial statements, the Exhibits hereto, and the Schedules delivered pursuant thereto, constitutes the entire agreement of the parties and may not be changed, terminated or discharged orally. The headings appearing in this Agreement have been inserted solely for the convenience of the parties and shall be of no force or effect in the construction of the provisions of this Agreement. This Agreement shall be construed under the laws of the State of Missouri and, subject to Section 9.3 below, shall be binding upon and inure to the benefit

of the parties hereto, their respective successors and assigns. This Agreement may be executed in several counterparts, and each executed counterpart shall be considered an original of this Agreement.

9.3 Assignment. No party to this Agreement may assign its rights or delegate its duties to any other person or entity without the prior written consent of the other party hereto.

9.4 Notices. Notices hereunder shall be effective if deposited in the United States mail, postage prepaid, registered or certified, return receipt requested, and addressed, as follows:

Menorah:

Menorah, Inc.
4949 Rockhill Road
Kansas City, Missouri 64111
Attention: Chairman

Copy to:

Mr. Joseph L. Hiersteiner
Smith, Gill, Fisher & Butts
3500 One Kansas City Place
1200 Main Street
Kansas City, Missouri 64105

Health Midwest:

Health Midwest
2304 E. Meyer Blvd., Suite A-20
Kansas City, Missouri 64132
Attention: President

Copy to:

Mr. Larry J. Bingham
Seigfreid, Bingham, Levy, Selzer &
Gee
2800 Commerce Tower
911 Main
Kansas City, Missouri 64105

Either party may change the address to which notices are to be addressed by giving the other party notice in the manner herein set forth.

9.5 Survival of Representations and Warranties; Non-Liability of Individuals. No representation or warranty of Menorah set forth herein or in the certificate to be delivered by Menorah at the Closing shall survive the Closing. No officer, director, employee, volunteer or agent of Menorah or of any Transferred Organization shall have any liability in respect of this Agreement or any transaction, representation, warranty, covenant or other matter contemplated hereby regardless of the nature of the claim, when the claim is made or how resolved, and Health Midwest

specifically waives any right to proceed against any such individual in connection therewith. Neither Menorah nor any Transferred Organization shall have any liability hereunder prior to Closing other than any liability under Section 9.16(a). Neither Menorah nor any Transferred Organization shall have any liability hereunder after Closing except to the extent, if at all, set forth in Section 9.6 below.

The representations and warranties of Health Midwest set forth in Article III and in the certificate to be delivered by Health Midwest at the Closing shall survive the Closing. Every representation and warranty of Health Midwest shall remain in effect regardless of any investigation made by Menorah.

9.6 Menorah's Indemnification. Menorah agrees to indemnify and hold harmless Health Midwest from and against any losses, damages, costs and expenses (including reasonable attorneys' fees) which may be suffered or incurred by the Transferred Organizations and/or Health Midwest and which is discovered and the claim filed within 5 years after Closing as a result of any intentional and material breach of a representation or warranty by Menorah contained in Article II hereof, and any intentional withholding of or failure to disclose any material information necessary to make any representation or warranty of Menorah contained in Article II hereof not misleading. Menorah shall reimburse Health Midwest and/or the applicable Transferred Organization, on demand, for any payment made in respect of any liability, obligation, or claim to which the foregoing indemnity by Menorah relates; provided, however, that in no event shall Menorah be liable to Health Midwest or any Transferred Organization for any sum in excess of the lesser of (i) the actual losses, damages, costs and expenses (including reasonable attorneys' fees) incurred by Health Midwest, or (ii) the consideration paid to Menorah under Section 1.2 of this Agreement.

9.7 Health Midwest Indemnification. Health Midwest hereby agrees to indemnify and hold harmless Menorah from and against any losses, damages, costs and expenses (including reasonable attorneys' fees) which may be suffered or incurred by Menorah arising from or by reason of the inaccuracy or misleading nature of any statement, representation or warranty of Health Midwest made herein, including untrue statements of material facts or omissions to state material facts necessary to make the statements not misleading and from or by reason of all liabilities from the contracts, operations, assets, premises, loans, liabilities, status, action, omission, condition or conduct of Menorah and the Transferred Organizations whether arising before or after the Closing Date, except for such liabilities as to which Menorah must indemnify Health Midwest under Section 9.6 above. Health Midwest shall reimburse Menorah, on demand, for any payment

made in respect of any liability, obligation or claim to which the foregoing indemnity by Health Midwest relates.

9.8 Expenses. Except as specifically set forth herein, each party to this Agreement shall pay its own costs and expenses (including, without limitation, the fees and expenses of its counsel, financial consultants, auditors, and accountants) incidental to the preparation and carrying out of this Agreement. It is agreed that Menorah may charge its expenses (up to a maximum amount of \$400,000.00) to MMC so long as such expenses are paid prior to Closing or accrued on the Closing Date Balance Sheet.

9.9 Brokerage Fee. Each of the parties hereto represents and warrants to each of the others that it has not engaged any broker, finder or other person who would be entitled to a brokerage or other fee or commission in respect of the execution of this Agreement and/or the consummation of the transactions contemplated hereby, except that Menorah has hired Cain Brothers as an investment banker. With respect to brokerage fees or commissions, Health Midwest shall exonerate, indemnify and hold Menorah harmless against and in respect of any and all claims, losses, liabilities and expenses which may be suffered by Menorah by reason of any such arrangement or agreement made by Health Midwest, its agents or employees, and Menorah shall exonerate, indemnify and hold Health Midwest harmless in respect of any and all claims, losses, liabilities and expenses which may be suffered by Health Midwest by reason of any such arrangement or agreement made by Menorah, MMC, MHC or their agents or employees.

9.10 Section and Other Headings. The section and other headings contained in this Agreement are for reference purposes only; and shall not in any way affect the meaning or interpretation of this Agreement.

9.11 Invalidity of Any Provisions. It is the intention of the parties hereto that the provisions of this Agreement shall be enforced to the fullest extent permissible under the laws and public policies of each state and jurisdiction in which such enforcement is sought, and that the unenforceability (or the modification to conform with such laws or public policies) of any provision hereof shall not render unenforceable, or impair, the remainder of this Agreement. Accordingly, if any provision to this Agreement shall be deemed invalid or unenforceable in whole or in part, this Agreement shall be deemed amended to delete or modify, in whole or in part, if necessary, the invalid or unenforceable provisions, or portions thereof, and to alter the balance of this Agreement in order to render the same valid and enforceable.

9.12 Third Parties. Nothing in this Agreement, expressed or implied, is intended to confer upon any person other than the parties hereto any rights or remedies under or by reason of this Agreement.

9.13 Exclusive Dealing. Throughout the period from signing of this Agreement until the Closing Date or termination pursuant to Section 9.14 below, Menorah, MMC, MHC and their subsidiaries shall deal exclusively with Health Midwest and shall not engage in discussions or negotiations with any other party regarding sale, merger, affiliation or integration of Menorah, MMC, MHC and/or their subsidiaries and/or the Assets.

9.14 Actual Knowledge; Buyer's Due Diligence. As used in this Agreement, the term "actual knowledge of Menorah" or "aware" means the conscious awareness of facts or the conscious awareness of the absence of facts obtained by Roy Powell, Frank Janner, Jay Goodman, Lee H. Greif or Arnold H. Brown during the normal course of rendering services to, or serving as a director of, Menorah and without any inference whatsoever as to its existence or absence of knowledge to be drawn or constructively created from the fact that any such individual is employed by Menorah or any Transferred Organization or serves on a Board of Directors or otherwise. No individual named herein shall have any liability to Health Midwest regardless of disclosure or failure to disclose any matter hereunder.

Health Midwest acknowledges and agrees that it and its representatives have the experience and knowledge to evaluate the business, financial condition, assets and liabilities of Menorah. It is therefore expressly understood and agreed that:

(i) Menorah shall be deemed not to be (a) in intentional or other breach of any representation or warranty made by it in this Agreement (including the Schedules and Exhibits hereto) or in any certificate or document executed on its behalf pursuant hereto, or (b) liable for any indemnification claims of Buyer under Section 9.6 hereof; and

(ii) no representation or warranty of Menorah shall be deemed to be incorrect at or prior to Closing;

if prior to the date hereof, any person involved on behalf of Health Midwest in the transactions contemplated hereunder, knew or should have known of any fact or facts, the existence of which rendered the representation or warranty of Menorah untrue or inaccurate or which form a basis for a claim, liability or obligation of Menorah.

9.15 Termination of Agreement. This Agreement may be terminated on or before the Closing Date without liability on the part of any party by the mutual consent of Menorah and Health Midwest.

9.16 Failure to Close. The parties agree to diligently and in good faith pursue the prompt closing of this transaction and each party recognizes that expenses will be incurred and other opportunities may be lost during the period between signing and closing.

(a) Failure or Refusal by Menorah. If Menorah fails or refuses to provide Health Midwest any item identified in Section 8.2(a) above, Health Midwest has tendered satisfaction of all of its obligations necessary to Close, and Menorah has not cured such failure or refusal, other than with respect to any item which Menorah cannot deliver due to acts or omissions of third parties, within sixty (60) days after the Closing Date, then the Escrow Deposit shall terminate and be returned to Health Midwest (net of any Escrow Agent's fees and expenses). In addition, Menorah shall pay to Health Midwest a termination fee in the amount of Five Million Dollars (\$5,000,000), but only in the event and at the time MMC closes an affiliation transaction similar hereto, a merger or sale of all or substantially all of its assets on or before December 31, 1996. Such termination of the escrow deposit and contingent \$5,000,000 payment shall be the sole remedies of Health Midwest for such failure to Close.

(b) Misrepresentation By Menorah. If, before Closing, Health Midwest discovers any intentional and material breach of any representation or warranty by Menorah under Article II hereof or any intentional withholding of or failure to disclose any material information necessary to make any representation or warranty of Menorah contained in Article II hereof not misleading, and Health Midwest decides not to close on the basis of such intentional and material breach of representation or warranty by Menorah, then neither party shall owe to the other a termination fee or other expenses or damages, and this Agreement shall terminate and be of no further force or effect and the Escrow Deposit shall terminate and be returned to Health Midwest (net of any Escrow Agent's fees and expenses). If Health Midwest refuses to close on the basis that Menorah has intentionally and materially breached any representation or warranty under Article II hereof or any intentional withholding of or failure to disclose any material

information necessary to make any representation or warranty of Menorah contained in Article II hereof not misleading, and if Menorah disputes same, the escrow shall terminate and one-half of the net proceeds then in such escrow account shall be distributed to Menorah and one half of the net proceeds then in such escrow account shall be distributed to Health Midwest. If it is ultimately determined by a court of competent jurisdiction that no such material and intentional breach by Menorah occurred, Health Midwest shall pay Menorah the sum of Two Million Five Hundred Thousand Dollars (\$2,500,000) plus interest at the prime or best commercial rate announced from time to time by Bank, and the failure of Health Midwest to close shall be deemed a failure to close under Section 9.16 (c) (ii) below and Menorah may pursue all remedies set forth therein. If it is ultimately determined by a court of competent jurisdiction that such a material and intentional breach by Menorah occurred, Menorah shall pay Health Midwest the sum of Two Million Five Hundred Thousand Dollars plus interest at the prime or best commercial rate announced from time to time by Bank, and Health Midwest shall have no other claim or action against Menorah. The party which does not prevail in any such dispute shall also pay the reasonable fees and expenses incurred by the prevailing party in such dispute.

(c) Failure or Refusal by Health Midwest.

(i) If Health Midwest fails or refuses to close this transaction within sixty (60) days after the Closing Date because (x) it is enjoined from so doing by any court, or (y) as a result of some act, status, omission or condition of Menorah or any Transferred Organization it becomes probable that the value of the assets and business to be acquired by Health Midwest has decreased from the value shown on the April 30, 1993 Balance Sheet by an amount in excess of \$10,000,000, then the Escrow Deposit shall terminate and the principal amount thereof shall be paid to Menorah, but Menorah shall have no other claim or action against Health Midwest.

(ii) If Health Midwest fails to close the transactions contemplated hereby within sixty (60) days after the Closing Date for any reason other than as set forth in Sections 9.15(a), (b) or (c)(i) above, the Escrow Deposit shall terminate and the principal amount thereof shall be paid to

Menorah and Menorah shall not be limited with respect to such additional remedies at law to which it may be entitled by reason of such failure.

(d) Neither party shall have the right of specific performance for failure or refusal of the other party to satisfy its obligations to Close.

9.17 Successors. The terms hereof shall be binding upon and inure to the benefit of the parties, their successors and their permitted assigns.

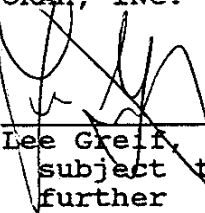
IN WITNESS WHEREOF, the parties have caused their corporation names to be hereunto subscribed by their duly authorized officers.

THIS AGREEMENT CONTAINS A BINDING ARBITRATION PROVISION WHICH MAY BE ENFORCED BY THE PARTIES.

Health Midwest: HEALTH MIDWEST

By: 
Stephen A. Melcher, Chairman

Menorah: MENORAH, INC.

By: 
Lee Greif, Chairman
subject to completion of any
further action required to
obtain valid board of director
approval